

REVISED MOTION BY SUPERVISOR MARK RIDLEY-THOMAS JANUARY 11, 2011

Agreement with T.H.E. Clinic for \$1.6 M in Capital Improvements at Ruth Temple Health Center

The County of Los Angeles (County) currently owns the Ruth Temple Health Center (County Facility) located at 3834 Western Avenue, Los Angeles, California 90062. Since 1996, the Department of Public Health (DPH) and the To Help Everyone Clinic (T.H.E. Clinic) have shared space at the County Facility, with T.H.E. Clinic occupying approximately 14,909 square feet and DPH occupying the remaining space. T.H.E. Clinic currently pays \$1 a year for lease consideration and is also responsible for its pro-rata share of the County Facility's operating expenses.

The County Facility is almost fifty-five years old and, according to an assessment conducted by the County's Chief Executive Office (CEO), requires roughly \$1.35M in repairs.

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T.H.E. Clinic has a long-standing presence in the Los Angeles County health care safety net. Since 1996, T.H.E. Clinic has worked with the County's Department of Health Services under the Public Private Partnership (PPP) Program, providing health care to the County's under and uninsured population. T.H.E. Clinic, a Federally Qualified Health Center (FQHC), provides roughly 32,000 primary care visits a year, including 13,419 visits through the PPP Program. T.H.E. Clinic also contracts with DPH's Office of Aids Programs and Policy to provide Human Immunodeficiency Virus testing services to surrounding underserved communities. Finally, the California Office of Statewide Planning and Development reports that, since 2003, T.H.E. Clinic has provided roughly \$6.7M in uncompensated care.

In October 2010, T.H.E. Clinic, on its own initiative, applied for and was awarded a \$1,559,000 federal Health Resources and Services Administration (HRSA) Capital Development grant to improve the space it currently occupies at the County Facility. It intends to use the funds to perform repairs deferred by the County, including the removal of asbestos, repair of one elevator and installation of another new elevator, replacement of flooring and improvement of the building's outside appearance. The receipt of federal funds is conditioned upon the Board of Supervisors (Board) promptly approving a ten year lease with T.H.E. Clinic. Further, HRSA has required that the County execute in its favor a Notice of Federal Interest in the County Facility, which will give the federal government a lien against the Facility, as required by federal regulation

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for grants in excess of \$500,000.

THEREFORE, I MOVE THAT THE BOARD OF SUPERVISORS, as authorized by Government Code Section 26227:

1. Find that approximately 14,909 square feet of space at the Ruth Temple Health Center and utilized by the T.H.E. Clinic is not needed for County purposes during the time of the proposed use;
2. Find that the programs and services provided by the nonprofit T.H.E. Clinic to the local community serve a public purpose which benefit the County and its residents;
3. Find that the issuance of a ten year lease agreement with the T.H.E. Clinic is categorically exempt from CEQA pursuant to CEQA Guidelines 15301 (Existing Facilities) and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines;
4. Delegate authority to the ~~Direct the~~ Chief Executive Officer (CEO) or his designee, with the Director of the Department of Public Health or his designee, to negotiate appropriate lease terms that are commensurate with lease terms negotiated with other similarly-situated P.P.P. clinics, and instruct the Mayor to sign a new ~~gratis~~ lease with T.H.E. Clinic for ten years with an option to renew for two additional ~~five~~ ten-year terms upon the Board's approval, for approximately 14,909 square feet of space and unreserved parking;

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5. Authorize the CEO or his designee and/or the County's Director of Public Works or her designee to execute and/or process any related documentation required to facilitate the Ruth Temple Health Center's upgrades, tenant improvements, and asbestos mitigation, at T.H.E. Clinic's sole cost, as well as the Notice of Federal Interest and any related documents required by HRSA. The lease is contingent upon: (1) T.H.E. Clinic agreeing to pay a basic rent which shall include a set amount for its share of operating costs, adjusted by a Consumer Price Index formula; ~~for its pro-rata share consisting of approximately 51.37% of the Ruth Temple Health Center's operating costs;~~ and (2) The County's Department of Public Works review and approval of the construction plans for the improvement project;
6. Instruct the CEO to offset any retroactive operating expenses owed by T.H.E. Clinic from 2004-2010 under its PPP Program agreement, estimated at \$487,011.00 in consideration of and contingent upon T.H.E. Clinic making the approved \$1,559,000 in capital improvements to the County-owned Ruth Temple Health Center property, resulting in a net monetary gain to the County of over \$1 million; and
7. Instruct the CEO and the Director of the Department of Public Health to convene a task force with T.H.E. Clinic to appropriately plan the capital improvements to avoid service disruptions as well as any construction delays at the Ruth Temple

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Health Center to the greatest extent possible.

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LEASE AGREEMENT

**RUTH TEMPLE HEALTH CENTER
3834 SOUTH WESTERN AVENUE, LOS ANGELES, CALIFORNIA 90052**

**ARTICLE 1
BASIC LEASE PROVISIONS**

1.1 Date and Parties.

THIS LEASE AGREEMENT (hereinafter "Lease"), made and entered into this 11th day of January, 2011

By and between **COUNTY OF LOS ANGELES**, as landlord ("County"), a body corporate and politic organized under the laws of the State of California, and the **T.H.E. CLINIC, INC.**, as tenant ("Tenant"), a non-profit, public benefit organization incorporated in the State of California.

1.2 Independent Contractor Status.

This Lease is by and between the County and Tenant and is not intended, and will not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between County and Tenant.

1.3 Prior Agreements.

This Lease contains all of the agreements of the parties hereto with respect to the lease of the Premises as described in this Lease and no prior agreements between the parties, including without limitation Exhibits H and I of the Public/Private Partnership Agreement between County and Tenant ("PPP Agreement"), or understanding pertaining to the use of space at the Premises shall be effective for any purpose from and after the Commencement Date. Upon the Commencement Date of this Lease as provided in Article 3, Section 3.1, the space use provision(s) of the PPP Agreement shall be superseded and canceled in their entirety and replaced by the provisions of this Lease. Notwithstanding the foregoing to the contrary, until the Commencement Date, the space use provisions of the PPP agreement shall continue to apply; however this Lease shall otherwise be effective upon execution by both parties hereto.

**ARTICLE 2
DESCRIPTION OF PREMISES**

2.1 Description of Premises.

The County, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Tenant, upon the following terms and conditions, hereby leases to the Tenant, and the Tenant hereby leases

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from the County, those certain premises located at 3834 South Western Avenue, Los Angeles, in the County of Los Angeles, State of California ("Building") containing a total of approximately 14,909 square feet of space as depicted on Exhibit A-1 attached hereto and incorporated herein by this reference ("Premises"). The County shall retain and occupy a total of 14,123 square feet in the Building to house certain Department of Public Health ("DPH") functions. Tenant shall use and occupy the Premises as provided for in Article 5, Section 5.1 hereof.

**ARTICLE 3
TERM**

3.1 Original Term and Commencement Date.

The Term of this Lease shall be for a period of ten (10) years. The Term of this **Lease** and Tenant's obligation to pay the rent as provided in Article 4, Section 4.1 shall commence upon execution of the Lease by County. The County, at its sole discretion, and upon approval by the Board of Supervisors, may renew the Lease term for two additional ten-year periods. Tenant shall provide County written notice not less than 180 days prior to the expiration of each ten-year term if Tenant wishes to request an extension of the Lease term. At the final expiration of the Lease, all capital improvements, including without limitation any completed by the Tenant, and excluding fixtures and or equipment shall become the exclusive property of the County.

3.2 Cancellation.

Tenant shall have the right to cancel this Lease at any time during the term or any extension thereof by giving twelve (12) months prior written notice to County. In addition to any other termination rights set forth herein, County shall have the right to cancel this Lease at any time after the date which is ten (10) years after the Commencement Date upon twelve (12) months written notice to Tenant.

3.3 Holdover.

In case Tenant holds over beyond the end of the term hereof, such tenancy shall be from month-to-month only, subject to the provisions and conditions of this Lease, but shall not be a renewal or extension hereof. Either party may, during the holdover, cancel this Lease by giving the other party at least thirty (30) days' prior written notice.

**ARTICLE 4
RENT**

4.1 Rent.

Tenant shall pay basic rent to the County in the sum of Five Thousand Dollars (\$5,000) per month ("Basic Rent"). Rent shall be payable on the first day of each and every month of the Term hereof and shall be made by check or draft issued and payable to the County of Los Angeles and mailed or otherwise delivered to the Auditor-Controller,

Franchise/Concession Section, 500 West Temple Street, Room 410, Los Angeles, California 90012. Basic Rent for any partial month at the commencement or termination of this Lease shall be prorated in proportion to the number of days in each month.

Tenant has indebtedness to the County pursuant to the PPP Agreement of \$487,011.00. In order to repay the County, Tenant shall expend a total of One Million Five Hundred Fifty Nine Thousand Dollars (\$1,559,000) for Tenant Improvements pursuant to Article 22.1 hereof ("Debt"). In the event Tenant does not expend said amount in full or if Tenant fails to complete construction of the Tenant improvements. Tenant shall pay the County the Debt in a lump sum within 30 days of County's written demand therefore.

4.2 Rental Adjustment.

From and after the fifth (5th) anniversary date of the Commencement Date, on the first day of the first full calendar month thereafter ("Adjustment Date") and on every fifth anniversary of the Adjustment Date thereafter, the Basic Rent shall be adjusted by applying the Consumer Price Index ("CPI") Formula set forth in Section 4.3 below. That notwithstanding, County's failure to notify Tenant of the rental adjustment for any prior period or periods shall not be deemed a waiver of County's right to a rental adjustment as provided herein. County may exercise said right at any time during the Term of this Lease and adjust the rent retroactively for any prior period or periods to the extent permitted under applicable law. Notwithstanding anything to the contrary contained herein, monthly Basic Rent shall not increase on any Adjustment Date by more than five percent (5%) over the monthly Basic Rent payable for the month prior to the Adjustment Date.

4.3 CPI Formula.

The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside, CA area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100). The "CPI Formula" means Basic Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Index published for the month the Lease commenced ("Base Index"). If the Index is changed so that the base year of the Index differs from that used at the commencement date of this Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Lease, such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

The formula for determining the new rent shall be as follows:

$$\frac{\text{New Index}}{\text{Base Index}} \times \$5,000 \text{ (Basic Rent)} = \text{New Monthly Basic Rent}$$

In no event shall the Monthly Basic Rent be adjusted by the CPI Formula to result in a lower monthly Basic Rent than was payable for the previous year.

ARTICLE 5 USE

5.1 Use.

Tenant is hereby granted permission to utilize the Premises for the full Term of this Lease unless earlier terminated as provided herein. Such use by Tenant shall be for the provision of services as related to the operation of the T.H.E. Clinic, Inc. ("Services"), including, but not limited to, medical services, dental services, prevention services and health education and any other services as are required by the PPP Agreement which services shall be open and available to low income, primarily uninsured or underinsured residents of incorporated and unincorporated areas of the County of Los Angeles ("Leased Use"). There shall be no discrimination against or preference, gratuity, bonus or other benefit given to residents of incorporated areas not equally accorded to unincorporated territory of the County of Los Angeles.

While a portion of the Tenant space may be used for the purpose of management and administration of health programs, the principal use of the space shall be the direct provision of health and health-related services. Tenant will consult with the County's Department of Health Services ("DHS") prior to any significant change in the occupancy or the Leased Use of the Premises and will make every effort to ensure that any such change is compatible with DHS plans. It is expressly agreed that the value to County of the Leased Use is at least equivalent to the difference between the rental rate hereunder and the fair market rental rate of the Premises. Nothing contained in this Lease constitutes a subsidy or financial assistance of any kind to Tenant.

At the beginning of each fiscal year, Tenant shall provide DHS with a report reflecting service provided the previous year, and program plan for services to be provided in subsequent years.

Tenant shall notify DHS prior to any significant change in the Leased Use, and obtain DHS's written approval thereof. It is expressly understood that this space use does not constitute the conveyance by County to Tenant of any estate or interest in real or personal property (other than a leasehold estate). Tenant shall not use or pledge its leasehold interest in the Premises to obtain financing.

ARTICLE 6
DAMAGE OR DESTRUCTION

6.1 Termination of Lease.

In the event Tenant ceases to provide the Services described in Article 5, Section 5.1, or the Premises or the Building is damaged by fire, incidents of war, earthquake, or other elements or by other disaster or casualty as to render them reasonably unfit for Tenant's occupancy as reasonably determined by either County or Tenant, County or Tenant may immediately terminate this Lease by giving to the other party written notice of such termination, which notice shall be effective upon the delivery of such notice as prescribed in Article 14, whereupon Tenant shall surrender the Premises and shall not be obligated for any further consideration to the County. Notwithstanding anything to the contrary contained in this Lease, neither party shall be in default under this Lease and neither party may terminate the Lease if: (1) the defaulting party cures the default within the thirty (30) days after notice is given, or (2) the default cannot reasonably be cured within the thirty (30) days after notice is given, but the defaulting party reasonably commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default to completion.

6.2 Termination by County.

In the event the Premises or the Building is damaged by earthquake, fire, the elements, or by other public disaster or casualty and the County reasonably determines that the Premises, the Building or any portion of either, shall be demolished, County may terminate this Lease without further liability to Tenant by giving thirty (30) days' prior written notice of such termination to Tenant. This right to terminate the Lease is independent of any termination right contained in Section 6.1. Notwithstanding the foregoing, at Tenant's request, if the Lease is terminated pursuant to this Section 6.2 or 6.1 above (on account of damage or casualty), the parties shall cooperate in good faith to mutually identify space substantially similar to the Premises to which Tenant and its operations may be temporarily or permanently re-located, as the parties may reasonably decide.

6.3 Restoration by County

In the event County undertakes restoration of the Premises and Tenant desires to remain in the space, County may, in its discretion, allow Tenant to do so, in which case commencement of the restoration shall require: (1) securing the Premises by the County to prevent injury to persons and/or vandalism to the improvements thereon, and (2) the placement of a work order or contract by the County for obtaining the labor and materials to accomplish the repair and restoration. Notwithstanding the foregoing, if the County undertakes restoration or demolition of the Premises and County or Tenant does not wish Tenant to remain in the Premises during such renovation, or Tenant is unable to remain in the Premises because of the demolition, the parties shall cooperate in good faith to mutually identify space substantially similar to the Premises to which Tenant and its operations may be temporarily or permanently re-located, as the parties may reasonably

decide. Nothing in this Section 6.3 shall be interpreted to require County to undertake the restoration of the Premises. Any decision to restore or demolish the Premises shall be made by the County in its sole discretion.

**ARTICLE 7
TENANT'S FIXTURES**

7.1 Tenant's Fixtures.

Tenant may remove, at its own expense, during or at the expiration of the Term or other termination of this Lease, all fixtures, equipment, furniture, and all other personal property (hereinafter , collectively, the "Equipment") placed or installed in or upon the Premises by Tenant. Tenant agrees that if so instructed by County, Tenant shall remove, at its own expense, at the expiration or earlier termination of the Term of this Lease, or any extension or holdover period thereof, all Equipment placed or installed in or upon the Premises by the Tenant. In the event Tenant removes any or all fixtures pursuant to this Section, Tenant shall restore the Premises to the original condition which existed upon the Commencement Date, ordinary wear and tear excepted, unless restoration would be manifestly unreasonable in light of improvements made to the Basic Structure of the Premises, as defined in Article 8, Section 8.1, during the term of the Lease.

All Equipment which was not placed or installed in or upon the Premises by the Tenant, or replacements of Equipment placed or installed by the County prior to the Commencement Date shall remain the property of the County. Tenant may remove said Equipment, at its own expense, only upon the prior written consent of the Chief Executive Office of County.

**ARTICLE 8
REPAIR, MAINTENANCE, AND REPLACEMENT**

8.1 County's Obligations.

County agrees to repair, maintain and replace, as necessary, at County's own expense, the entire exterior and interior of the Premises, the Building and the interior and exterior common areas, including but not limited to the Shared Use Space, restrooms, hallways, driveways and parking areas (collectively, the "Common Areas"). Such repair and maintenance obligations shall not include any security systems installed for the Premises by Tenant, all fixtures, equipment, and other personal property owned by Tenant, or owned by any officer, agent, employee, contractor, licensee, or invitee of Tenant or otherwise placed or installed in, on, or upon the Premises by Tenant, and further excepting any damage resulting from the intentional acts or negligence of Tenant or its officers, agents, employees, contractors, or licensees. County's responsibility shall include, but not be limited to, lamps and tubes, elevators, plumbing, fire sprinklers (if applicable), windows, fire extinguishers, and the Basic Structure. "Basic Structure" is agreed to include the Building and all appurtenances thereto in their totality, including but not limited to all permanent exterior and interior walls, floors and ceilings, roof, all interior and exterior

drainage systems, concealed plumbing, stairways, elevators, concealed electrical systems, and heating, ventilating and air-conditioning system and fire sprinklers, if applicable.

Notwithstanding anything to the contrary in the Lease, during the Term of the Lease and any extension of holdover term(s) thereof, County shall maintain the Building, Building systems, Common Areas, and structural elements of the Premises in compliance with all laws, rules, regulations, ordinances, directives, covenants, easements and restrictions of record, building codes, and the requirements of any applicable fire insurance underwriter or rating bureau, now in effect or which may hereafter come into effect, including, without limitation, the Americans with Disabilities Act and laws regulating hazardous substances. It shall be County's obligation to comply with all applicable Laws relating to the Building in general, without regard to specific use, including modifications required to enable Tenant to obtain necessary building permits.

8.2 Janitorial Services/Security.

County shall, at County's expense, furnish and maintain trash removal and waste disposal services on the Premises, and all janitorial and other housekeeping 5 days per week. County shall, at County's expense provide reasonable security services to the Building and Premises during all DPH Hours. Hours of operation by DPH are defined as 6:30 a.m. to 6:00 p.m., Monday, Tuesday, Wednesday, Friday and to 6:30 p.m. on Thursday ("DPH Hours"). Hours of operation by Tenant are defined as 6:30 a.m. to 8:00 p.m. Monday-Friday and 8:30 a.m. to 5:00 p.m. on Saturday. Tenant agrees to provide security services during DPH Hours and at any time when Tenant's use of the facility exceeds the normal hours of operation by DPH. County shall also provide landscape maintenance at County's expense.

8.3 Failure to Make Repairs.

In the event County should fail, neglect or refuse to commence the repair, replacement or maintenance work required by Section 8.1 of this Lease or to provide the services specified in Sections 8.2 above or 9.1 below, within fifteen (15) days after written notice of the need for such work has been served upon it by Tenant (or, in the event of an emergency, within two (2) days after written notice has been served by Tenant), or in the event County fails, neglects or refuses to diligently continue such work once commenced, its pursuit to completion of said replacement or maintenance work, upon fifteen (15) days after written notice of such fact has been served upon it by Tenant, then Tenant may, without limiting its other remedies under this Lease or applicable law, perform or cause to be performed said repair, replacement or maintenance work and off-set the reasonable cost thereof against its rental obligation to the County. An "emergency" as used herein is defined as any life threatening situation, or any event that renders the Premises unusable because of utility disruption, HVAC system failure or other reasons.

8.4 Condition of Premises Upon Termination.

Tenant shall return Premises to County in as good condition as existed on the Commencement Date, ordinary wear and tear excepted, unless restoration would be manifestly unreasonable in light of improvements made to the Basic Structure of the Premises, as defined in Article 8, Section 8.1, during the term of the Lease.

8.5 Replacement.

In the event that items specified as County's responsibility in Section 8.1 wear out or fail or are damaged by earthquake, fire or the elements, and/or other public disaster or casualty, the County shall replace said items at its own expense subject to the provisions of Article 6 and Section 8.1.

ARTICLE 9 UTILITIES

9.1 Utilities.

County shall pay for all costs associated with the effluent treatment, water, sprinkler standby charges, electricity, gas, other lighting, heating, power, and other utility rents and charges accruing in connection with the Premises, Shared Use Space and Common Areas during the Term of this Lease. Tenant shall comply with any applicable laws, ordinances, regulations, or policies with respect to the curtailment or conservation of energy or water. Tenant shall be responsible for those telephone and other communications costs and installations on the Premises related to and arising from Tenant's activities as described in the provisions of Article 5, Section 5.1. Tenant shall be responsible for any costs associated with any security system(s) placed or installed in or upon the Premises by Tenant.

ARTICLE 10 ACCESS BY COUNTY

10.1 Access by County.

Tenant agrees to permit the County or its authorized agents free access to the Premises upon advance written, telephonic, or facsimile notice of forty-eight (48) hours, or sooner if Tenant agrees, for the purpose of inspection or performance of any County obligation hereunder. Such advance notice shall also not be required for the purpose of the County making emergency repairs, however, County will use its best efforts to notify Tenant as soon as possible.

ARTICLE 11
TERMINATION FOR DEFAULT

11.1 Default by County.

If default shall be made by County in any of the covenants or agreements herein contained on the part of the County to be kept and performed, and such default constitutes a material breach of the Lease, Tenant may, at its sole discretion, terminate this Lease upon the giving of thirty (30) days written notice. In addition thereto, Tenant shall have such other rights or remedies as may be provided by law. Tenant may not terminate the Lease if (1) County cures the default within thirty (30) days after notice is given, or (2) the default cannot reasonably be cured within the thirty (30) days after notice is given, but County reasonably commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default to completion.

11.2 Default by Tenant.

Tenant's failure to perform any of the covenants or agreements herein after the expiration of the notice and cure period set forth herein, shall place Tenant in default under this Lease. County may, at its sole discretion, terminate this Lease upon a material breach of any of its terms by giving Tenant thirty (30) days written notice of termination. In addition thereto, County shall have such other right or remedies as may be provided by law. Notwithstanding anything to the contrary contained in this Lease, Tenant shall not be in default under this Lease and County may not terminate the Lease if: (1) Tenant cures the default within the thirty (30) days after notice is given, or (2) the default cannot reasonably be cured within the thirty (30) days after notice is given, but Tenant reasonably commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default to completion.

ARTICLE 12
ASSIGNMENT AND SUBLETTING

12.1 Assignment and Subletting.

The use of the Premises is restricted as provided for in Article 5, Section 5.1. Accordingly, Tenant shall not assign, sublease, or otherwise transfer its interest in this Lease without the prior written approval of the County's Chief Executive Office, which shall not be unreasonably withheld, upon receipt of a written request from Tenant. Any assignment, sublease, or other transfer of any interest in this Lease without the County's written consent shall be void and shall constitute a material breach, for which County may terminate this Lease. Notwithstanding the foregoing to the contrary, Tenant shall have the right without first obtaining the consent of County to assign the Lease to any entity which controls, is controlled by or is under common control with Tenant. The sale, merger or reorganization of Tenant shall not constitute an assignment, sublease or other transfer under this Lease.

**ARTICLE 13
ALTERATIONS**

13.1 Alterations.

Except for the Tenant Improvements performed in accordance with Article 22 hereof, Tenant agrees not to make any material alterations in or on the Premises without first securing the prior written consent of the County's Chief Executive Office. Consent shall be given or denied within thirty (30) days of receipt of written request, which shall include a complete set of plans, where applicable, for such alterations. Consent shall not be unreasonably withheld. Failure to provide written approval or disapproval within thirty (30) days shall be deemed disapproval. County may impose reasonable conditions on its consent to any and all alterations. Tenant agrees to cooperate fully in the County's posting of notices of non-responsibility prior to the commencement of work on any alterations. Any alterations installed by Tenant which are "trade fixtures" as such are defined by the law of eminent domain shall be treated as Tenant's fixtures in accordance with the provisions of this Lease.

**ARTICLE 14
NOTICES**

14.1 Notices.

All notices and demands which may or are to be required or permitted to be given by either party to the other hereunder shall be in writing. All notices and demands shall be personally delivered (including by means of professional messenger service), sent by United States registered or certified mail, postage prepaid, return receipt requested, or transmitted by facsimile transmission, in which case the receiving party shall immediately confirm receipt of such notice. All notices are effective upon receipt. For the purposes of such notices, the addresses for the parties are set forth in Section 14.2, below. Either party may from time to time designate another person or place for receipt of notice by writing to the other party delivered in conformity with this Section.

14.2 Notices-Where to Send.

All notices given under this Lease shall be addressed and/or delivered to the respective parties as follows:

County:

County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street , 3rd Floor
Los Angeles, California 90012
Attn: Christopher Montana
Manager, Property Management

Tenant:

T.H.E Clinic, Inc.
3834 Western Avenue
Los Angeles, California 90062
Attn: Risë K. Phillips
Chief Executive Officer

**ARTICLE 15
INSURANCE AND INDEMNIFICATION**

15.1 Insurance.

INDEMNIFICATION AND INSURANCE REQUIREMENTS: During the term of this Lease, the following indemnification and insurance requirements shall be in effect.

I. INDEMNIFICATION

The Tenant shall indemnify, defend and hold harmless the County, and its Special Districts, elected and appointed officers, agents, and employees, from and against any and all liability, loss, injury or damage including without limitation demands, claims, actions, fees, costs and expenses (including without limitation attorney and expert witness fees), arising from or connected with the Tenant's repair, maintenance and other acts and omissions arising from and/or relating to the Tenant's use of the Premises.

The County shall indemnify, defend and hold harmless the Tenant from and against any and all liability, loss, injury or damage including without limitation demands, claims, actions, fees, costs and expenses (including without limitation attorney and expert witness fees), arising from or connected with the County's repair, maintenance and other acts and omissions arising from and/or relating to the County's ownership of the Premises.

II. GENERAL INSURANCE PROVISIONS - TENANT REQUIREMENTS

Without limiting the Tenant's indemnification of County and during the term of this Lease, and until all of its obligations pursuant to this Lease have been met, Tenant shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Lease. These minimum insurance coverage terms, types and limits (collectively, the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Tenant pursuant to this Lease. The County in no way warrants that the Required Insurance is sufficient to protect the Tenant for liabilities which may arise from or relate to this Lease.

A. Evidence of Coverage and Notice to County

- Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the Tenant's General Liability policy, shall be delivered to County at the address shown below and provided prior to the start day of this Lease.

- Renewal Certificates shall be provided to County not less than 10 days prior to Tenant's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Tenant insurance policies at any time.
- Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Lease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Tenant identified in this Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding twenty five thousand (\$25,000.00) dollars, and list any County required endorsement forms.
- Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Tenant, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.
- Certificates and copies of any required endorsements, notices of cancellation shall be delivered to:

County of Los Angeles
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Manager, Property Management Section

Tenant also shall promptly notify County of any third party claim or suit filed against Tenant which arises from or relates to this Lease, and could result in the filing of a claim or lawsuit against Tenant and/or County.

B. Additional Insured Status and Scope of Coverage

The County, which is the County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents), shall be provided additional insured status under Tenant's General Liability policy with respect to liability arising from or connected with the Tenant's acts, errors, and omissions arising from and/or relating to the Tenant's operations on and/or its use of the premises. County's additional insured status shall apply with respect to liability and defense of suits arising

out of the Tenant's acts or omissions, whether such liability is attributable to the Tenant or to the County. The full policy limits and scope of protection also shall apply to the County as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

C. Cancellation of Insurance

Except in the case of cancellation for non-payment of premium, County's insurance policies shall provide, and Certificates shall specify, that County shall receive not less than thirty (30) days advance written notice by mail of any cancellation of the Required Insurance. Ten (10) days prior notice may be given to County in event of cancellation for non-payment of premium.

D. Failure to Maintain Insurance

(a) Tenant's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Lease.

E. Insurer Financial Ratings.

Insurance is to be provided by an insurance company authorized to do business in California and acceptable to the County, with an A.M. Best rating of not less than A:VII, unless otherwise approved by the County.

F. Tenant's Insurance Shall Be Primary

Tenant's insurance policies, with respect to any claims related to this Lease, shall be primary with respect to all other sources of coverage available to County. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Tenant coverage.

G. Waiver of Subrogation

To the fullest extent permitted by law, the Tenant hereby waives its and its insurer(s) rights of recovery against County under all required insurance policies for any loss arising from or related to this Lease. The Tenant shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

F. Deductibles and Self-Insured Retentions (SIRs)

Tenant's policies shall not obligate the County to pay any portion of any Tenant deductible or SIR. The County retains the right to require Tenant to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing Tenant's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

H. Claims Made Coverage

If any part of the Required Insurance is written on claims made basis, any policy retroactive date shall precede the start date of this Lease. Tenant understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Lease expiration, termination or cancellation.

I. Application of Excess Liability Coverage

Tenant may use a combination of primary and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

J. Separation of Insured

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insured provision with no insured versus insured exclusions or limitations.

K. County Review and Approval of Insurance Requirements

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.

III. INSURANCE COVERAGE TYPES AND LIMITS

A. Commercial General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 3 million
Products/Completed Operations Aggregate:	\$ 1 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

- B. Automobile Liability** insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Tenant's use of autos pursuant to this Lease, including owned, leased, hired, and/or non-owned autos, as each may be applicable.
- C. Workers Compensation and Employers' Liability** insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If Contractor will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Contractor's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.
- D. Sexual Misconduct Liability** insurance covering actual or alleged claims for sexual misconduct and/or molestation with limits of not less than \$2 million per claim and \$2 million aggregate, and claims for negligent employment, investigation, supervision, training or retention of, or failure to report to proper authorities, a person(s) who committed any act of abuse, molestation, harassment, mistreatment or maltreatment of a sexual nature.
- E. Commercial Property Insurance.** Such insurance shall:
- Provide coverage for County's property and any improvements and betterments; this coverage shall be at least as broad as that provided by the Causes-of-Loss Special Form (ISO form CP 10 30), excluding earthquake and including flood and ordinance or law coverage.
 - Be written for the full replacement cost of the property, with a deductible no greater than \$250,000 or 5% of the property value, whichever is less. Insurance proceeds shall be payable to the Tenant and County as their interests may appear.
- F. Pollution Liability** insurance (providing scope of coverage equivalent to ISO policy form CG 00 39), naming County and its Agents as an additional insured, with limits of not less than \$1 Million. The County and its Agents shall be named as an Additional Insured and Loss Payee on Contractor's insurance as its interests may appear.

G. Professional Liability/Errors and Omissions: Insurance covering liability arising from or related to this Agreement, with limits of not less than \$1 million per claim and \$2 million aggregate. Further, T.H.E. CLINIC, INC understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination or cancellation

H. Contractor(s) Insurance Requirements – Types and Limits:

1. Builder's Risk Course of Construction Insurance. Such coverage shall:

Insure against damage from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30), and be endorsed to include ordinance or law coverage, coverage for temporary offsite storage, debris removal, pollutant clean-up and removal, preservation of property, and full collapse coverage during construction (without restricting collapse coverage to specified perils)Such insurance shall be extended to include boiler & machinery coverage for air conditioning, heating and other equipment testing.

Be written on a completed value basis and cover the entire value of the construction, including any Tenant and County furnished materials and equipment, against loss or damage until completion accepted by Tenant.

2. General Liability Insurance: written on ISO policy form CG 00 01 or its equivalent with limits of not less than those specified or evidence of such excess insurance to meet these requirements:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$2 million
Personal and Advertising injury	\$1 million
Each Occurrence:	\$1 million

The products/completed operations coverage shall continue to be maintained in the amount indicated above for at least 5 years from the date construction is completed and accepted by Tenant.

3. Automobile Liability insurance: Written on ISO policy form CA 00 01 or its equivalent with a limit of liability of not less than \$1 million for bodily injury property damage, in combined or its equivalent split limits, for each single accident. Such insurance shall cover liability arising out of Contractor's use of vehicles pursuant to this Project,

including owned, leased, hired, and/or non-owned autos, as each may be applicable.

4. Professional Liability/Errors and Omission insurance. Such insurance shall cover liability arising from any error, omission, negligent or wrongful act of the Contractor, its officers or employees arising from or related to the design and construction with limits of not less than \$1 million per occurrence. And 2 million aggregate. The coverage shall also provide an extended five years from the date the construction is completed and accepted by the tenant and County.
5. Workers Compensation and Employers' Liability insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If Contractor will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Contractor's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.
6. Asbestos or Pollution Abatement Liability Insurance: If construction requires remediation of asbestos or pollutants. Such insurance shall cover liability for personal injury and property damage arising from the release, discharge, escape, dispersal, or emission of asbestos or pollutants, whether gradual or sudden, and include coverage for the costs and expenses associated with voluntary clean-up, testing, monitoring, and treatment of asbestos or pollutants in compliance with governmental mandate or requests. If the asbestos or pollutant will be removed from the construction site, asbestos or pollution liability is also required under the contractor's or Subcontractor's Automobile Liability Insurance. Contractor shall maintain limits of not less than \$3 million.
7. Contractors Pollution Liability: Contractor and all Subcontractors shall be covered for pollution liability, including transportation and cleanup arising from the handling, application or other release of pollution from operations under this contract. Coverage shall be for sudden and accidental occurrences with limits no less than \$3 million. Coverage shall apply for the entire construction period and include coverage for

completed operations for a period of at least then (10) years after final completion.

8. Performance Security Requirements. Prior to execution of the Construction Contract between Tenant and its Contractor, the Contractor shall file surety bonds with the Tenant in the amounts and for the purposes noted below. All bonds issued in compliance with the Construction Contract shall be duly executed by a solvent surety company that is authorized by the State of California, is listed in the United States Department of Treasury's Listing of Approved Sureties Treasury (Circular 570) (see www.fms.treas.gov/c570/) and is satisfactory to the Tenant, and it shall pay all premiums and costs thereof and incidental thereto.

Each bond shall be signed by both the Tenant's Contractor (as Principal) and the Surety.

The Tenant shall require its Contractor to provide two surety bonds with good and sufficient sureties: the first in the sum of not less than 80% of the Contract price to assure the payment of claims of material men supplying materials to the Contractor, subcontractors and mechanics and laborers employed by the Contractor on the Work and the second in the sum of not less than 100% of the Contract price to assure the faithful performance of the Construction Contract.

9. The "Materials and Labor Bond" (or "Payment Bond") shall be so conditioned as to insure to the benefit of persons furnishing materials for or performing labor upon the Work. This bond shall be maintained by the Contractor in full force and effect until Work is completed and accepted by the Tenant, and until all claims for materials, labor and subcontracts are paid.
10. The "Bond for Faithful Performance" shall be so conditioned as to assure the faithful performance by the Contractor of all Work under said Construction Contract, within the time limits prescribed, including any maintenance and warranty provisions, in a manner that is satisfactory and acceptable to the Tenant, that all materials and workmanship supplied by Contractor will be free from original or developed defects, and that should original or developed defects or failures appear within a period of one year from the date of Acceptance of the Work by the Tenant, the Contractor shall, at Contractor's own expense, make good such defects and failures and make all replacements and adjustments required, within a reasonable time after being notified by the Tenant to do so, and to the approval of the department. This bond shall be maintained by the Contractor in full force and effect during the performance of the Work under this

Lease and for a period of one year after acceptance of the Work by the Tenant.

Should any surety or sureties upon said bonds or any of them become insufficient or be deemed unsatisfactory by the Tenant, said Contractor shall replace said bond or bonds with good and sufficient sureties within 10 days after receiving notice from the Tenant that the surety or sureties are insufficient or unsatisfactory.

Tenant shall stipulate in the Construction Contract that no further payment shall be deemed due or will be made to Contractor until the new sureties shall qualify and be accepted by the Tenant.

ARTICLE 16 TAXES

16.1 Real Property Taxes.

County, as owner, shall be responsible, when appropriate, for applying for exemptions and waivers concerning taxation of the real property of the Building and the Premises. Tenant shall use its best efforts to assist County, as required, in any such application for exemption or waiver. In any event, County shall pay promptly all applicable real property taxes, assessments and special assessments which may be levied or assessed against the Premises during the Term of this Lease or any extension or holdover period thereof.

16.2 Personal Property Taxes, Possessory Interest Taxes, Assessments, and License Fees.

Tenant shall be responsible, when appropriate, for applying for exemptions and waivers concerning taxation of personal property, possessory interests, parking assessments, fees, and license fees. County shall use its best efforts to assist Tenant, as required and when appropriate, in any such application for exemption or waiver. In any event, Tenant shall pay before delinquency all taxes, assessments, license fees, and other charges that are levied and assessed against Tenant's personal property installed or located in or on the Premises, that become payable during the Term. Tenant hereby acknowledges that its occupancy and use of the Premises may result in a possessory interest subject to taxation. All possessory interest taxes levied and billed shall be the sole responsibility of the Tenant and shall be paid when due by Tenant. County may terminate this Lease upon Tenant's nonpayment of such taxes, assessments, and/or license fees.

ARTICLE 17 BINDING ON SUCCESSORS

17.1 Binding on Successors.

Each and all of the conditions and agreements herein contained shall be binding

upon and shall inure to the benefit of the successors-in-interest of the County, and wherever the context permits or requires the successors-in-interest to the Tenant.

**ARTICLE 18
PARKING SPACES**

18.1 Parking Spaces.

Subject to parking facility rules and regulations as established by County or any parking facility licensee/operator from time to time, Tenant, its employees and visitors shall be entitled between the hours of 6:30 a.m. and 8:00 p.m., Monday through Friday and 8:30 am and 5:00 p.m. on Saturday ("Tenant's Hours"), to use 43 parking spaces in the on-site parking area.. Of the 43 parking spaces, 5 shall be designated for visitors seeking healthcare from the County or Tenant. The parking spaces shall allow the drivers of the automobiles validly parked in such spaces to have in-and-out access to such spaces and to lock their respective vehicles.

County reserves the right to lease or license parking in the on-site parking area after hours and on weekends; provided, however, that no such lease or license shall reduce the space available to Tenant for parking to fewer than 43 spaces. All inquiries and issues related to the lease or license of on-site parking for third party use shall be directed to:

Director of Real Estate or Designee
Chief Executive Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Telephone: (213) 974-4300
Fax: (213) 217-4971

**ARTICLE 19
HAZARDOUS MATERIALS**

19.1 Definition.

For purposes of the Lease, the phrase "Hazardous Substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316, as amended from time to time, or the same or related defined phrase in any successor or companion statutes, and crude oil or byproducts of crude oil, other than crude oil which exists on the Premises as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

19.2 County's Warranties and Representations.

County hereby warrants and represents, based upon appropriate and reasonable inspection of the Premises, that it has no actual knowledge of any release of Hazardous Substances on the Premises during its ownership of the Premises; that County shall

comply with all Federal, State and local laws and regulations concerning the use, release, storage and disposal of Hazardous Substances; and that County shall require any other tenants and occupants of the Building to comply with the aforementioned rules and regulations.

19.3 Tenant's Warranties and Representations.

Tenant hereby covenants that it shall comply with all Federal, State and local laws and regulations concerning Tenant's use, release, storage and disposal of Hazardous Substances on the Premises.

19.4 Notification.

County and Tenant agree to immediately notify each other when either party learns that Hazardous Substances have been released on the Premises.

19.5 Indemnification.

County agrees to indemnify, defend and hold harmless Tenant, its agents, officers and employees from and against all liability, expenses (including without limitation defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of Hazardous Substances on the Premises or in the Building and have not been caused by Tenant, or Tenant's officers, employees, agents, licensees or contractors.

Tenant agrees to indemnify, defend and hold harmless County from and against all liability, expenses (including without limitation defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises or in the Building caused by Tenant, or Tenant's officers, employees, agents, licensees, or contractors.

The indemnity provided each party by this Section shall survive the termination of this Lease.

19.6 Default/Remediation.

The presence or release of Hazardous Substances on the Premises, Building, and/or subject property, which is not caused by Tenant, or Tenant's officers, employees, agents licensees, contractors, or invitees, and which threatens the health and safety of Tenant's agents, officers, employees or invitees, as determined by either County or Tenant, shall entitle Tenant to immediately terminate this Lease. Without limiting the foregoing, if the presence of any Hazardous Substance at the Building caused or permitted by either party results in any contamination of the property such party shall promptly take all actions at its sole expense as are necessary to comply with all applicable law.

19.7 Operating Costs.

Costs incurred by County as a result of the presence or release of Hazardous Substances on the Premises, Building, and/or subject property which is not caused by Tenant, or Tenant's officers, employees, agents, licensees, contractors, or invitees, are extraordinary costs not considered normal operating expenses and shall not be passed through to Tenant as part of its obligation, if any, to pay operating expenses.

19.8 Asbestos Notification.

County agrees to notify Tenant as least annually of County's actual knowledge of the presence of asbestos-containing materials on or within the Premises. Tenant and County agree to notify their own employees of the presence of asbestos-containing materials on or within the Premises. Such notification shall comply with Health and Safety Code Section 25915, et seq., as amended from time to time or as required by any successor or companion statute enacted subsequent to this Lease.

**ARTICLE 20
WARRANTY OF AUTHORITY**

20.1 Warranty of Authority

Each of the parties hereto covenants, warrants and guarantees that the individuals executing this Lease and the instruments referenced herein, have the legal power, right and actual authority to execute this Lease upon the provisions and conditions stated herein and each agrees to indemnify and hold harmless the other from all damages, costs, and expenses which result from a breach of this material representation.

**ARTICLE 21
ESTOPPEL CERTIFICATE/NON-DISTURBANCE**

21.1 Estoppel Certificate.

Either party shall at any time upon not less than twenty (20) days' prior written notice from the other party execute, acknowledge and deliver to the requesting party a statement in writing: (1) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (2) acknowledging that there are not, to the declarant's knowledge, any uncured defaults on the part of either party hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises or any other interested party. Failure to deliver such statements within such time shall be conclusive evidence that (a) this Lease is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, and (b) there are no uncured defaults in the requesting party's performance.

21.2 Non-Disturbance.

County represents and warrants to Tenant that the Building is not currently encumbered by any mortgage or deed of trust and is owned in fee by County. As a condition precedent to Tenant being required to subordinate its interest in this Lease to any future mortgage covering the Building, County shall obtain for Tenant's benefit a Non-Disturbance Agreement. Notwithstanding anything to the contrary contained in this Lease, Tenant shall not be obligated to subordinate its interest in this Lease without recognition of its rights as tenant by any third party requiring such subordination.

ARTICLE 22 TENANT IMPROVEMENTS

22.1 Tenant Improvements

Tenant shall at its own expense, perform tenant improvements ("Tenant Improvement") to the first and second floors of the Building. Tenant shall give County seven (7) days prior written notice of the commencement of any work to be done on the property and/or the Premises.

Except as otherwise set forth in this Lease, County is providing the Premises to Tenant in an "as is" condition. Subject to County's approval, Tenant may install or construct the Tenant Improvements at its own and sole expense as may be necessary to fit said Premises for delivery of health services and health services related uses, subject to the provisions of this Lease, including without limitation this Article 22. Preliminary design documents, construction drawings, and specifications for any proposed interior Tenant Improvements shall be prepared by a licensed California architect at the sole expense of the Tenant. Prior to the commencement of construction, Tenant shall obtain approval of the proposed improvements from the County. Tenant shall submit all preliminary and final design documents, construction drawings, and specifications (collectively, "Construction Plan") for review and approval by the Los Angeles County Department of Public Works ("DPW"). County acknowledges that County has approved the Tenant's conceptual preliminary design plans as shown on Exhibit A-1 and A-2 attached hereto and incorporated herein by this reference.

The Premises shall meet all applicable Federal, State, and local building codes, regulations, and ordinances required for beneficial occupancy. At Tenant's sole cost and expense, Tenant shall obtain all necessary permits and jurisdictional approvals for any work, construction, and occupancy from DPW. Tenant shall obtain all necessary permits within 6 months of lease execution. In the event that Tenant fails to obtain a building permit and/or complete construction of the proposed Tenant improvements within 18 months, from County's execution of the this Lease, County at its option, may cancel the Lease upon thirty (30) days written notice to Tenant.

It is mutually agreed by all parties that all construction shall be completed and operations commenced within 18 months of approval of the Construction Plans. Tenant

shall provide a notice of completion, as evidenced by the issuance of a certificate of occupancy. Upon completion, Tenant shall furnish County with one (1) complete set of reproducible as-built drawings in electronic format.

The proposed Tenant Improvements, which are to be provided by Tenant, have been estimated by Tenant to cost up to \$1,559,000. Tenant shall provide to County, upon issuance of a Certificate of Occupancy or sign off by DPW, a detailed breakdown of the total costs of constructing the Tenant Improvements. The County reserves the right to audit these costs for a period of twenty four (24) months from the date of the Certificate of Occupancy, or final sign-off.

All Tenant Improvement work in T.H.E. Clinic's scope shall be completed at the expense of Tenant, including without limitation capital and financing costs and without cost to County. All work shall be prosecuted with due diligence. Lessee shall construct, perform, complete and maintain all construction covered by this agreement in a good and workmanlike manner with high quality material, and shall furnish all tools, equipment, labor and materials necessary to perform and complete same, and hereby expressly warrants that all said materials and workmanship will be free from defects. Initial installation with respect to electrical, gas and plumbing will be approved by the appropriate County Building inspector and provided at Tenant's expense.

In connection with all work permitted herein, Tenant shall take all reasonable necessary measures to minimize any damage, disruption or inconvenience caused by such work and make adequate provision for the safety and convenience of all persons affected thereby, including the day-to-day operations of existing tenants. Tenant shall repair, at its own expense, any and all damage caused by such work, and shall restore the area upon which work is performed to a condition which is at least equal to or better than the condition existed prior to the beginning of such work, ordinary wear and tear excepted. In addition, Tenant shall pay (or caused to be paid) all costs and expenses associated therewith and shall indemnify, defend and hold harmless the County from all damages, losses or claims attributable to the performance of such work. Dust, noise and other effects of such work shall be minimized using the methods customarily utilized in order to control such deleterious effects associated with construction projects.

The parties agree that any delay in the construction of the Tenant Improvements due to fire, earthquake, war labor dispute or other events beyond the control of Tenant shall extend the time in which said construction must be completed by the length of time of such delay. Tenant shall coordinate Tenant's work schedule with other contractors to avoid delay in completion of the project. In addition, Tenant shall require an architect to oversee the construction to ensure that it is performed in accordance with the approved Construction Plans for the Building.

No Consent of County: Nothing in this Lease shall be construed as constituting the consent of County, express or implied, to the performance of any labor or the furnishing of any materials or any specific improvements, alterations of or repairs to, the Premises or any part thereof by any contractor, subcontractor, laborer or materialman, nor as giving

Tenant or any other person any right, power or authority to act as agent of or to contract for or permit the rendering of, any services, or the furnishing of any materials, in such manner as would give rise to the filing of mechanic's liens or other claims against the fee of the Premises or Building or the Tenant's improvement project.

Protection Against Liens: County shall have the right at all reasonable times to post, and keep posted, on the Premises, any notices which County may deem necessary for the protection of County and of the Premises and the improvements thereof from mechanics' liens or other claims. Tenant shall give County ten days prior to written notice of the commencement of any work to be done on the Premises to enable County to post such notices. In addition, Tenant shall make, or cause to made, prompt payment of all monies due and legally owing to all persons doing any work or furnishing any materials or supplies to Tenant or any of its contractors or subcontractors in connection with the Premises and the Tenant Improvements thereon in accordance with Article 22.3 hereof.

22.2 Liens

A. General: Subject to the provisions of Article 16 regarding TAXES, Tenant hereby covenants to keep the Premises and every part thereof free and clear of any and all liens or encumbrances of any kind whatsoever created by Tenant's Tenant Improvement acts or omissions and/or created by the performance of any labor or furnishing of any material, supplies, or equipment contemplated hereunder. County covenants to keep the Tenant's project and every part thereof free and clear of any and all liens or encumbrances of any kind whatsoever created by County's acts or omissions or those of its agents or employees, and shall indemnify and hold tenant harmless from any such County created liens or demands. Tenant further agrees to hold County and the Premises and all parts thereof free and harmless from any such Tenant-created liens, claims, or demands, and any and all costs, damages or liability in connection therewith, together with reasonable attorneys' fees and all Actual Costs and expenses incurred by County in negotiating, settling, defending, and otherwise protecting the Premises or Tenant's Tenant Improvement project or any part thereof against such liens, claims or demands.

B. Mechanics' and other Liens: Tenant shall pay, or cause to be paid, the total cost and expense of all works of improvement as that phrase is defined in the applicable mechanics' lien law in effect when Construction of the Tenant Improvement begins. Tenant shall not permit any mechanic's, materialman's, contractor's, subcontractor's or other lien, arising out of the performance of the Lease, to stand against the Premises or Tenants Improvement Work, or any part thereof. If any such lien shall be filed against the Premises or the Tenant Improvement project, Tenant shall cause the same to be discharged within ten days after actual notice of such filing, by payment, deposit, or bond. If Tenant fails to discharge any such lien, County may, but shall not be obligated to, discharge the same, and any amount so paid or deposited by County and all actual costs and expenses incurred by County, including reasonable attorney's fees, shall become immediately due and payable by Tenant to County, together with interest thereon computed at the rate of seven percent per annum. If Tenant desires to contest any such

lien, Tenant shall notify County in writing of Tenant's intention to do so within ten days after the filing of and service upon Tenant of such lien, or lose the right to contest. In such case, provided that Tenant shall furnish the bond required by California Civil Code Section 3143 (or any comparable statute hereafter enacted for providing a bond freeing the Premises and the Tenant Improvement project from the effect of such lien), Tenant shall not be in default until five days after the final determination of the validity thereof, within which time Tenant shall satisfy and discharge any such lien to the extent held valid, but the satisfaction and discharge of any such lien shall not, in any case, be delayed until execution is had upon any judgment rendered thereto, and such delay shall be a material default of Tenant hereunder. In the event of any such contest, Tenant shall protect and indemnify County against all loss, actual cost, expense and damage, including reasonable attorneys' fees, resulting therefrom.

22.3 Removal of Tenant Improvements

All of the Tenant Improvements and any other improvements of every kind and nature whatsoever installed by Tenant in the Building or on the Premises with written consent and approval of County shall remain the property of Tenant during the Term of this Lease. Upon expiration of this Lease, all such improvements (excluding Tenant's fixtures, trade fixtures, and equipment) shall revert to County ownership.

22.4 ADA Requirements.

All of the Tenant Improvements shall comply with the Americans With Disabilities Act ("ADA").

22.5 Signs and Name of the Facility.

Tenant shall be allowed to place and maintain signs inside and outside the Premises and Building at appropriate locations in order to identify the facility, recognize donors and direct persons for delivery of health services. Tenant shall provide written notification to the County concerning the size, design, precise location, and means of attachment of outside and external signs which shall be subject to the consent of County or its designee, which consent shall not be unreasonably withheld. County shall provide its written approval or disapproval of any proposed signage within thirty (30) days of the receipt of a written request from Tenant. Failure to provide written approval or disapproval by the County will be deemed disapproval.

ARTICLE 23 GENERAL PROVISIONS

23.1 Arbitration.

In the event of any dispute regarding the provisions or conditions hereof, or the rights or obligations of the parties hereto, such dispute may, at the request of either party, be submitted to arbitration in accordance with the provisions of California Code of Civil Procedure Section 1280 et seq., as they now exist or may later be amended. The Chief

Executive Office, or its designee, shall act on behalf of the County in arbitration, with the assistance of County Counsel.

23.2 Captions and Titles.

The captions and titles in this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

23.3 Choice of Law

This Lease is made and entered into, and shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

23.4 Construction.

Any construction work paid for directly or by reimbursement with public funds pertaining to this Lease by the Tenant or its designated contractors or subcontractors shall comply with all applicable Federal, State, and local regulations, codes and ordinances, including but not limited to all provisions of the Labor Code of the State of California. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of worker or mechanic needed for construction of the improvements, if any, which are paid for by public funds. Particulars of the current prevailing wage scale, as approved by the Board of Supervisors, are filed with the Clerk of the Board of Supervisors. In the event construction work by Tenant under this Lease is paid for by public funds, Tenant shall post said scale at the subject site. The provisions of this Section 23.4 shall only be applicable to the extent Tenant receives public funds for construction work and is required by law to comply with State prevailing wage laws.

23.5 Cumulative Remedies.

No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

23.6 Force Majeure.

In the event that either party is delayed or hindered from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period for the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

23.7 Impairment of Title.

County shall notify Tenant in writing within thirty (30) days of each and every occurrence which may impair County's title to the Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, notification of any foreclosure, and notification of default should a master lease exist.

23.8 Interpretation.

The language of this Lease shall be construed according to its fair meaning and not strictly for or against County or Tenant.

23.9 Quiet Possession.

As long as Tenant is in compliance with the terms and conditions of this Lease, Tenant shall have and enjoy quiet possession of the Premises for the entire Term hereof.

23.10 Recordation.

Either party may record this Lease at anytime without the prior written consent of the other party.

23.11 Severability.

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

23.12 Waiver.

Any waiver by either party of any breach of any one or more of the covenants, conditions, terms and agreements herein contained shall not be construed to be a waiver of any subsequent or other breach of the same or of any other covenant, condition, term or agreement herein contained, nor shall failure on the part of either party to require exact, full and complete compliance with any of the covenants, conditions, terms or agreements herein contained be construed as in any manner changing the terms of this Lease or estopping either party from enforcing the full provisions hereof. No option, right, power, remedy, or privilege of either party shall be construed as being exhausted by the exercise thereof in one or more instances. The rights, powers, options and remedies given either party by this Lease shall be cumulative.

23.13 Licenses and Compliance With Applicable Law.

Tenant shall obtain and maintain in effect during the term of this Lease, all licenses, permits, and certificates required by law which are applicable to the operation of a private

health care center, and Tenant shall further ensure that all its officers, employees, and agents who perform services hereunder obtain and maintain in effect during the Term of this Lease and any holdover period, all licenses, permits, and certificates required by law which are applicable to its performance hereunder. Tenant shall further comply with all federal, state, and local laws, ordinances, regulations, and directives applicable to its performance hereunder.

23.14 Endorsement

Tenant shall not, in any manner, advertise, publish or represent that County endorses the services herein mentioned without the prior written consent of County.

23.15 County Lobbyists.

Tenant and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010 retained by Tenant, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160 to the extent applicable. Failure on the part of Tenant or any County lobbyist or a county lobbying firm retained by Tenant to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Lease upon which County may immediately terminate or suspend this Lease.

23.16 Title.

Tenant hereby acknowledges the title of County in and to the Premises, and covenants and agrees never to assail, contest, or resist said title. County represents and warrants that it is the fee simple owner of said Premises, and that it has full right, power and authority to make, execute and deliver this Lease.

23.17 Administration of County Space.

County does not grant or delegate to Tenant hereunder any of its governmental powers (statutory, implied, administrative, or otherwise) with respect to the Premises.

23.18 Acknowledgment of Ineligibility for Relocation Assistance.

Tenant expressly acknowledges that Tenant will be in possession of the Premises as a result of County's previously acquired property interest. In recognition of such fact, Tenant hereby disclaims any status as a "displaced person" as such is defined in Governmental Code Section 7260, and hereby acknowledges its ineligibility for relocation assistance as provided in Government Code Sections 7260 through 7276, inclusive, as interpreted in Title 25, Chapter 6, Section 6034(b)(1) of the California Code of Regulations.

23.19 Delegation of Authority.

Unless otherwise expressly set forth herein, County hereby delegates to its Chief Executive Officer or his designee, the authority to make any and all determinations

required herein and to execute any and all instruments necessary to effectuate this Lease.

23.20 Solicitation of Consideration.

It is improper for any County Officer, employee or agent to solicit consideration, in any form, from a lessee with the implication, suggestion or statement that the lessee's provision of consideration may secure more favorable treatment for the lessee in the award of the lease or that the lessee's failure to provide such consideration may negatively affect the County's consideration of the lessee's submission. A lessee shall not offer to or give, either directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to award of a lease.

Tenant shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in termination of this Lease.

23.21 Conflict of Interest.

No County employee whose position in County service enables him/her to influence obtaining or awarding any lease, license or permit, and no spouse or economic dependent of such employee, shall be employed in any capacity by the Tenant herein, or have any other direct or indirect financial interest resulting from this Lease.

23.22 Entire Agreement.

This Lease contains the entire agreement between the parties hereto, and no addition or modification of any terms or provisions shall be effective unless set forth in writing, signed by both County and Tenant.

/ / / / SIGNATURE PAGE FOLLOWS / / / /

IN WITNESS WHEREOF, Tenant has executed this Lease or caused it to be duly executed, and County of Los Angeles, pursuant to the order of the Los Angeles County Board of Supervisors, has caused this Lease to be executed on its behalf by the Mayor of said Board on the day, month and year first written above.

TENANT

COUNTY OF LOS ANGELES

By *Risë K. Phillips*
Risë K. Phillips
Chief Executive Officer
T.H.E. Clinic, Inc.

By *Mike Antonovich*
Michael D. Antonovich
Mayor, Board of Supervisors

77531

ATTEST:



I hereby certify that pursuant to Section 25103 of the Government Code, delivery of this document has been made.

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Supervisors

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By *Sachelle Amitherman*
Deputy
JUN 14 2011

By *Sachelle Amitherman*
Deputy
JUN 14 2011

APPROVED AS TO FORM:

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

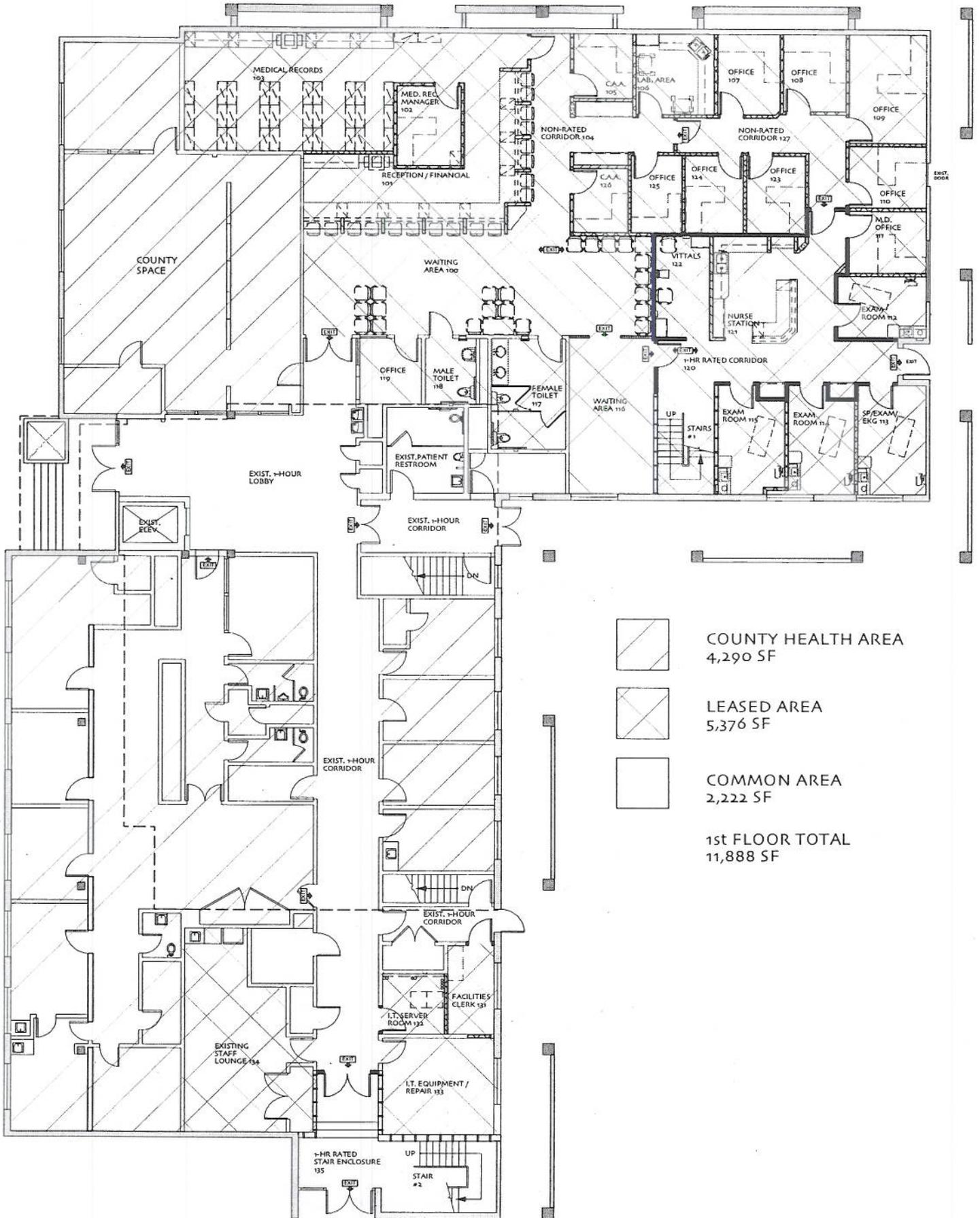
ANDREA SHERIDAN ORDIN
County Counsel

6 JAN 11 2011

By *Andrea Sheridan Ordin*
Senior Deputy

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Exhibit A-1

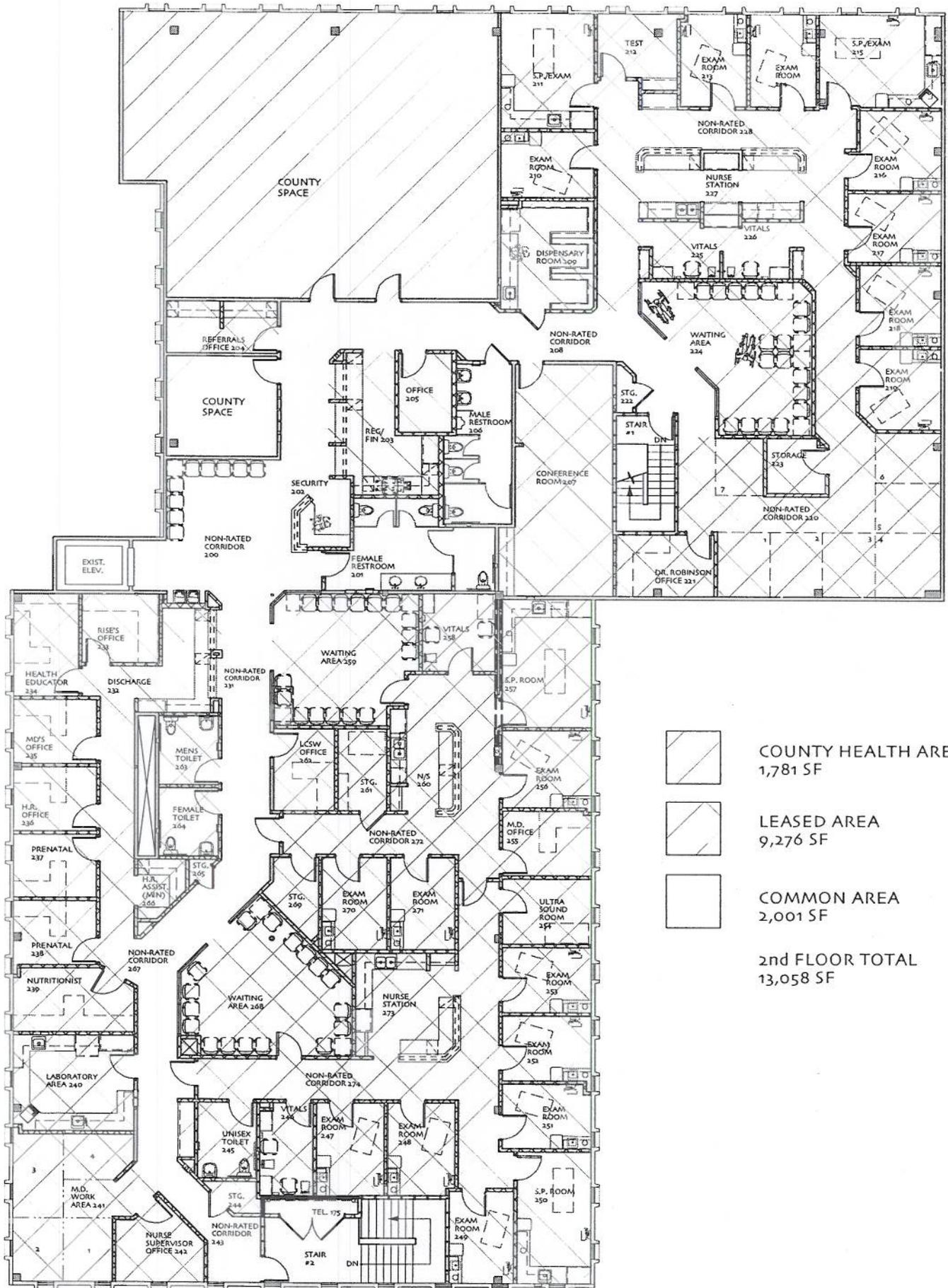


COUNTY HEALTH AREA
4,290 SF

LEASED AREA
5,376 SF

COMMON AREA
2,222 SF

1st FLOOR TOTAL
11,888 SF



-  COUNTY HEALTH AREA
1,781 SF
 -  LEASED AREA
9,276 SF
 -  COMMON AREA
2,001 SF
- 2nd FLOOR TOTAL
13,058 SF

EXHIBIT A-2
TENANT IMPROVEMENTS
SCOPE OF WORK

1 of 2

T.H.E. Clinic, Inc. will renovate its location at 3834 S. Western Avenue, Los Angeles CA 90062. The current clinical space consists of 16 exam rooms. Within the last several years, T.H.E. has experienced a doubling of patient visits resulting in the space being insufficient for the increased patient volume. The project involves the conversion of administrative offices (3770 sq ft to clinical space including 10 exam rooms, a waiting area, restrooms and provider workstations). T.H.E. Clinic's scope of project is installing new walls, doors, hardware, casework, ceilings, lighting, plumbing, fixtures, interior finishes, electrical and mechanical systems and devices and specialties (i.e. bathroom accessories, wall guards, directories, bulletin boards, signage, and graphics) on the second floor of the building in the existing administrative office space. Several administrative departments will remain on-site; others will be relocated to another building. All of the existing 13 exam rooms on the second floor will be upgraded and reconfigured in order to give the clinic a more free flowing patient centered atmosphere. The 3 exam rooms on the first floor will be reconfigured with one additional exam room added. The first floor information technology (IT) space will be reconfigured with all IT functions centralized for the entire building.

T.H.E. Clinic's renovation and remodeling project is anticipated to begin Month 9 after funding is awarded and completed by Month 21. It is estimated that this project will create new jobs for 12 laborers, working 40 hours per week during the duration of an approximately 10-month construction phase.

Construction Phases

Phase I – Construction of the IT Space on the First Floor

Phase II – Demolition and Reconstruction of Existing Administrative Area into the Family Practice Clinic, including an area for Patient Registration

Phase III – Demolition and Reconstruction of Existing First Floor Clinic Space into the Main Registration, Patient Staging Area and Early Intervention and Treatment Prevention Clinic

Phase IV – Demolition and Reconstruction for New Second Floor Office Arena, including Laboratory, Provider Cubicle Area and Discharge Station

Phase V – Demolition and Reconstruction for New Second Floor, Women's Health Clinic and Associated Corridor

EXHIBIT A-2
TENANT IMPROVEMENTS
SCOPE OF WORK
2 of 2

Phase VI – Demolition and Reconstruction of New, Second Floor Pediatric Area, Including Removal of Large, Existing HVAC Equipment

Phase VII – Final Phase – Relocation and final “Cut-Over” of existing IT equipment and remodel space into New Referrals Office

Miscellaneous/Final Close Out/ and Turn Over